

Message Text

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PAGE 01 RIO DE 00256 142051Z
ACTION ARA-10

INFO OCT-01 ISO-00 FEA-01 ERDA-07 AID-05 CEA-01 CIAE-00
CIEP-02 COME-00 DODE-00 EB-07 FPC-01 H-02 INR-07
INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-15
OES-06 SP-02 SS-15 STR-04 TRSE-00 ACDA-10 PA-02 PRS-01
/117 W

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FM AMCONSUL RIO DE JANEIRO
TO SECSTATE WASHDC 4509
INFO AMEMBASSY BRASILIA

UNCLAS RIO DE JANEIRO 0256

E.O. 11652: N/A
TAGS:ENRG,BR
SUBJ: BRAZIL ANNOUNCES "RATIONALIZATION" OF PETROLEUM CON-
SUMPTION

REF: BRASILIA 10590

1. ON JANUARY 13, THE BRAZILIAN GOVERNMENT ANNOUNCED A
15-POINT PROGRAM TO "RATIONALIZE" THE CONSUMPTION OF
PETROLEUM DERIVATIVES-PARTICULARLY GASOLINE-THROUGH-
OUT THE COUNTRY. THE PROGRAM IS DESIGNED TO CUT
GASOLINE CONSUMPTION BY AT LEAST 10 PERCENT AND REDUCE THE
OVERALL COST OF BRAZIL'S PETROLUUM IMPORTS IN 1977 BY
\$500 MILLION, TO A PROJECTED \$3.8 BILLION. MAJOR
COMPONENTS OF THE RATIONALIZATION PLAN INCLUDE: A
2-YEAR, NO INTEREST-BEARING/NO MONETARY-CORRECTION
REFUNDABLE DEPOSIT ("COMPULSORY LOAN") OF 2 CRUZEIROS
ON EACH LITER OF GASOLINE PURCHASED (EFFECTIVELY
RAISING THE PRICE OF GAS BY 20-35 PERCENT, DEPENDING ON INFLA-
TION RATES OVER THE NEXT SEVERAL YEARS); A SIMILAR
PLAN FOR FUEL OIL; THE CLOSING OF URBAN GAS STATIONS
ON SUNDAYS, HOLIDAYS AND FROM MIDNIGHT TO 6 AM DURING
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THE WEEK; AND THE ATTEMPTED PROGRESSIVE RESTRICTION
OF AUTOMOBILE TRAFFIC/PARKING IN DOWNTOWN METROPOLITAN
AREAS. CERTAIN OF THE RATIONALIZATION MEASURES
ANNOUNCED MAY BE INSTITUTED SHORTLY, OTHERS ARE OF
LONGER-TERM APPLICABILITY, WHILE THE COMPULSORY LOAN/
REFUNDABLE DEPOSIT SYSTEM IS SCHEDULED TO TAKE
EFFECT IN MID-MARCH. THE GOVERNMENT, WHICH ESTIMATES

THAT AT LEAST \$3 BILLION WILL BE GENERATED THIS YEAR
BY DEPOSIT/LOAN PLAN, HAS ANNOUNCED PLANS TO
INCREASE PETROBRAS' 1977 EXPLORATION AND PRODUCTION
BUDGET TO NEARLY \$1 BILLION. ADDITIONAL FUNDS WILL
ALSO BE MADE AVAILABLE FOR THE GOVERNMENT'S ALCOHOL-
FOR-GASOLINE SUSTITUTION PROJECTS AND FOR OTHER
PROGRAMS DESIGNED TO EFFECT LONG-TERM SAVINGS IN
PETROLEUM CONSUMPTION.

2. EMBASSY COCURS ABOVE MESSAGE.
DEXTER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
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Copy: SINGLE
Sent Date: 14-Jan-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
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Disposition Comment:
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